

AMENDED IN SENATE MAY 26, 2006

AMENDED IN SENATE MAY 3, 2006

AMENDED IN SENATE APRIL 17, 2006

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1329

Introduced by Senator Alquist

February 17, 2006

An act to add *and repeal* Chapter 19 (commencing with Section 50899) ~~to~~ of Part 2 of Division 31 of the Health and Safety Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1329, as amended, Alquist. Community development: healthy food choices.

Existing law charges the Department of Housing and Community Development with the administration of various programs that facilitate community development, including the Community Development Block Grant Program.

This bill would require the Department of Housing and Community Development, *until January 1, 2010*, in partnership with the State Department of Health Services, and to the extent funds are appropriated, to establish the "Healthy Food Retailing Initiative" to provide residents of underserved communities with retail food markets that would offer healthy, high quality, and affordable food. The bill would require the department to provide loans on a competitive basis for land acquisition, construction, rehabilitation, onsite improvement, and offsite improvement fundamental to the development of the project. The bill would also require the department to provide grants

on a competitive basis for business plan development, feasibility studies, outside technical assistance, equipment, and other startup costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 19 (commencing with Section 50899) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 19. ACCESS TO HEALTHY, AFFORDABLE FOOD
CHOICES ACT

50899. This chapter shall be known and may be cited as the Access to Healthy, Affordable Food Choices Act.

50899.1. The Legislature hereby finds and declares all of the following:

(a) Increasing access to retail food markets is an important strategy for improving the nutritional health and economic vitality of low-income communities.

(b) Community food assessments conducted in California have demonstrated that residents of low-income communities often have inadequate access to high quality, affordable healthy food.

(c) California has the second highest rate of overweight and low-income children in the nation.

(d) According to the Centers for Disease Control and Prevention, over 20 percent of California adults are overweight compared to 1991 when less than 10 percent of California adults were overweight.

(e) The growing epidemic of overweight individuals is due to poor diet and physical inactivity, putting growing numbers of Californians at risk for type 2 diabetes, hypertension, heart disease, and cancer.

(f) Diseases related to poor nutrition and physical inactivity are the second leading cause of preventable deaths in the United States. These diseases account for 28 percent of preventable deaths each year, which is more than AIDS, violence, car crashes, alcohol, and drugs combined.

1 (g) Obesity costs California an estimated \$21.7 billion a year
2 in medical costs and lost productivity. Medical care costs
3 associated with obesity are greater than those associated with
4 both smoking and problem drinking.

5 (h) While individuals make choices about what they eat, these
6 choices are affected by the availability of food in their
7 environment.

8 (i) Retail grocery stores are important economic anchors in
9 communities, generating jobs, recycling money back into the
10 local economy, and creating opportunities for other small and
11 large businesses.

12 (j) Improving the availability, quality, and prices of food in
13 existing small stores can improve local economic development
14 by building upon existing community resources, and
15 strengthening relationships between local merchants and
16 residents.

17 (k) Farmers' markets can help support farmers and serve as
18 small business incubators where local residents can sell products
19 such as baked goods or nonfood items.

20 50899.2. For purposes of this chapter, the following
21 definitions apply:

22 (a) "Department" means the Department of Housing and
23 Community Development.

24 (b) "Retail food market" means a for-profit or not-for-profit
25 retailer that will increase access to healthy, high quality, and
26 affordable food.

27 (c) "Underserved community" means a community in which
28 existing retail food markets are inadequate to serve the healthy
29 food needs of residents and that meets one of the following
30 criteria:

31 (1) In metropolitan statistical areas, the median family income
32 is less than 80 percent of the area median family income.

33 (2) In nonmetropolitan statistical areas, the median family
34 income is less than 80 percent of the statewide median family
35 income.

36 (3) Is adjacent to a census tract that meets the income criteria
37 described in paragraph (1) or (2).

38 50899.3. (a) To the extent funds are available, the
39 department shall establish, in partnership with the State
40 Department of Health Services, the "Healthy Food Retailing

1 Initiative” for the purpose of providing residents of underserved
2 communities with retail food markets that will offer healthy, high
3 quality, and affordable food. Eligible projects include, but are not
4 limited to, projects to develop or revitalize retail grocery stores or
5 farmers’ markets, to improve or increase healthy food options
6 stocked at existing corner stores or small markets, or other
7 innovations that meet the intent of this section. A restaurant is
8 not an eligible project for purposes of this section. The
9 department shall provide loans on a competitive basis for land
10 acquisition, construction, rehabilitation, onsite improvements, or
11 offsite improvements that are fundamental to the development of
12 the project. The department shall also provide competitive grants
13 for business plan development, feasibility studies, outside
14 technical assistance, and other startup costs. Neither grants nor
15 loans shall be used to pay operating costs. Feasibility studies
16 shall be eligible for funding only if there is evidence that the
17 study will gather important new information and is likely to
18 result in a retail food market project. To the extent possible, the
19 departments shall provide technical assistance to grant or loan
20 recipients.

21 (b) An applicant for the initiative may be a for-profit business
22 enterprise, including, but not limited to, a corporation, limited
23 liability company, sole proprietor, cooperative, or partnership; a
24 nonprofit organization; or governmental entity.

25 (c) To be eligible for a grant or loan under this chapter, an
26 applicant shall serve an underserved community in which the
27 proposed retail food market project will improve, increase, or
28 preserve retail access to healthy, high quality, affordable food for
29 low-income residents of the community. Applicants shall
30 demonstrate that the community supports the proposed project,
31 that the project will have a positive economic impact on the
32 surrounding community, that the project is likely to be successful
33 and economically self-sustaining, and any other criteria as the
34 department may determine and that are consistent with the
35 purposes of this chapter.

36 (d) The department shall rate and rank applicants by the
37 following priority-ordered criteria:

38 (1) The income level of the community and the degree to
39 which the community is underserved by retail food markets.

1 (2) The degree to which the project will improve, increase, or
2 preserve retail access to healthy, high quality, affordable food for
3 the low-income residents of the underserved community.

4 (3) The capacity of the applicant to successfully complete the
5 project and the likelihood that the project will be economically
6 self-sustaining.

7 (4) The degree to which the project will have a positive
8 economic impact on the underserved community. Applicants
9 who demonstrate a commitment to strong local hiring practices
10 shall receive additional consideration.

11 (5) Other criteria the department may determine and that are
12 consistent with the purposes of this chapter.

13 (e) Loan agreements shall include a provision requiring that
14 the retail food market primarily sell groceries, produce, meat,
15 baked goods, and dairy products to the widest possible group of
16 consumers for the term of the loan. The department shall
17 establish alternate requirements applicable to farmers' markets
18 and to grant recipients.

19 (f) Loans and grants made pursuant to this section shall be
20 subject to the same interest rates, terms, conditions, and
21 maximum loan or grant amounts that are applicable to the State
22 Community Development Block Grant Program administered by
23 the department.

24 (g) It is the Legislature's intent that funds described in this
25 section be used to leverage other funding including, but not
26 limited to, workforce development funds, New Markets Tax
27 Credits, incentives available to enterprise zones, and funding
28 from financial institutions under the federal Community
29 Reinvestment Act (~~12 U.S.C.A.~~, U.S.C. Sec. 2901).

30 (h) The department shall report to the Legislature annually on
31 any projects funded through this initiative. The department may
32 fulfill this requirement by including this information in any other
33 annual report that the department provides to the Legislature.

34 50899.4. The department shall implement this chapter only to
35 the extent that funds are appropriated for that purpose.

36 50899.5. *This chapter shall remain in effect only until*
37 *January 1, 2010, and as of that date is repealed, unless a later*

- 1 *enacted statute, that is enacted before January 1, 2010, deletes*
- 2 *or extends that date.*

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